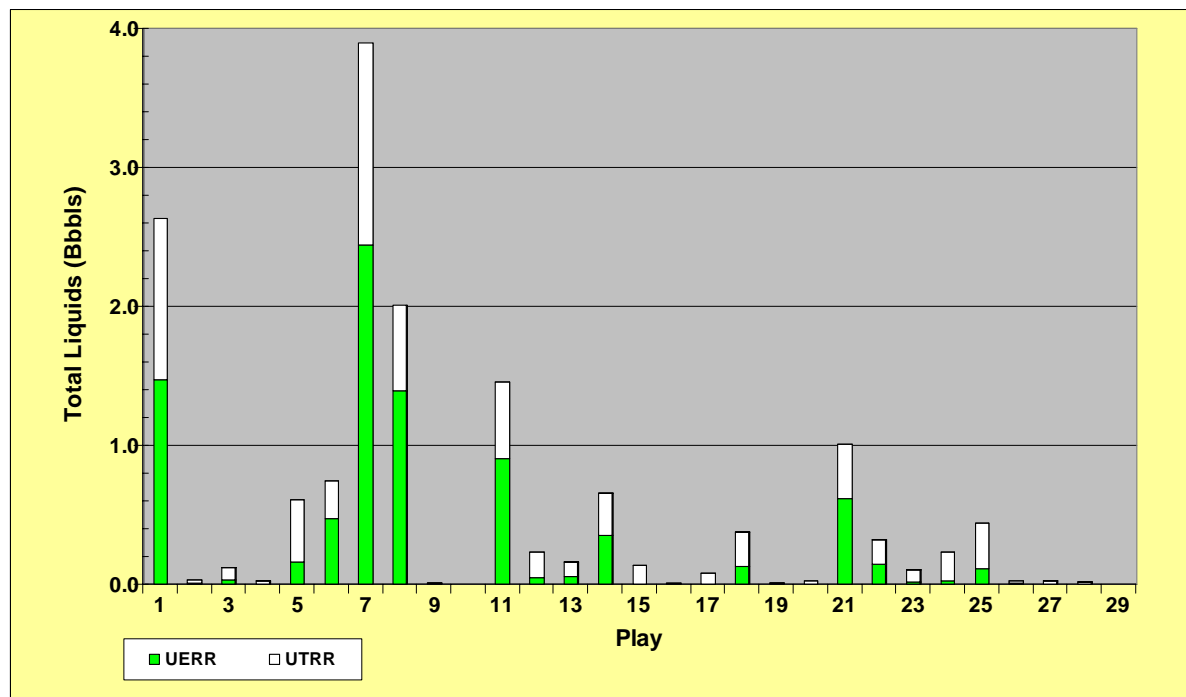


2006 Alaska OCS Assessment – Chukchi Sea

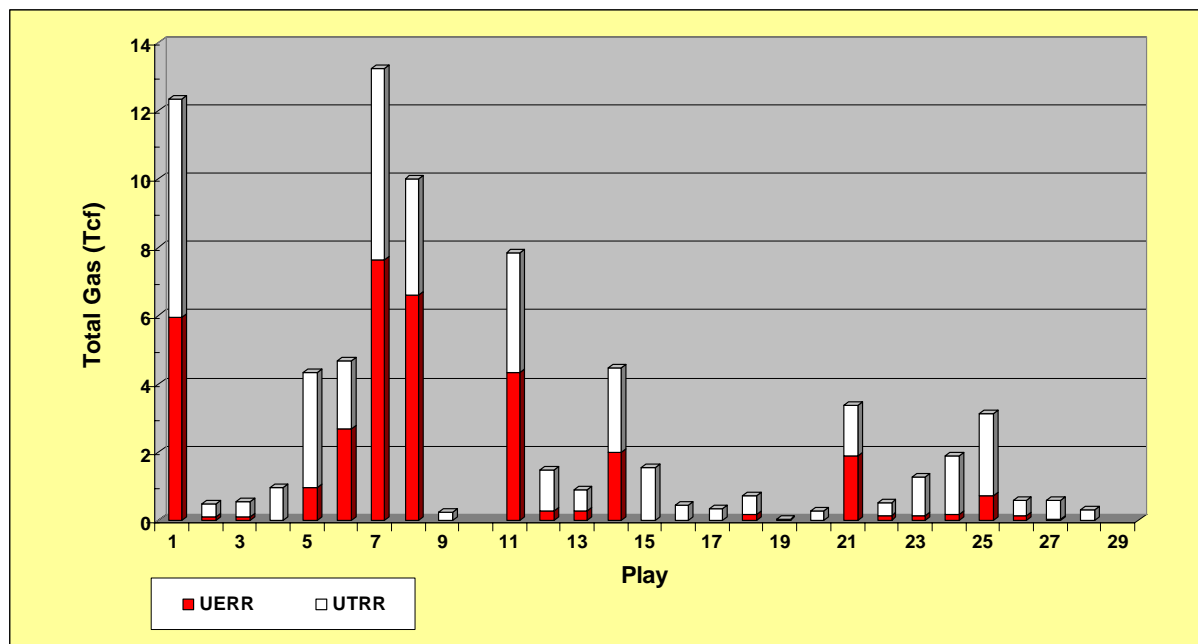


Chukchi Sea Oil Play Potential

This histogram compares the mean Undiscovered Technically Recoverable Resource (UTRR) with the mean Undiscovered Economically Recoverable Resource (UERR) at an oil price of \$60.00/barrel (in 2005\$). Of the 29 plays in the assessment, 5 plays have UTRR oil potential greater than 1 billion barrels. The Rift sequence plays (Plays 7 and 8) contain a total of 5.90 Bbbls (47%) of the total UTRR and 3.83 Bbbls (52%) of the total UERR in the province. The second richest oil play is Play 1 (Endicott-Chukchi Platform) which has not been tested. The numerous geologic plays have barely been evaluated. Two OCS lease sales held in 1988 and 1991 were followed by 5 exploration wells. No commercial discoveries were announced, although information from the wells was encouraging from a geologic standpoint. Because TAPS is a ready oil transportation system to market, initial development in the Chukchi province will probably be large oil discoveries. The first offshore projects in this undeveloped frontier area could provide the necessary infrastructure for later, smaller fields and eventually for natural gas production. Future oil production from the Chukchi could be an important factor in the continuing operation of the TAPS oil pipeline because most of the existing North Slope fields are in decline. For nearly 30 years, the TAPS pipeline has carried 20-25% of total U.S. annual oil production. This emphasizes the importance of continued exploration in the oil-rich offshore provinces in northern Alaska.

Play		UTRR	UERR
1	Endicott, Chukchi Platform	2,632	1,471
2	Endicott, Arctic Platform	35	10
3	Lisburne	116	29
4	Ellesmerian-Deep Gas	25	0
5	Sadlerochit, Chukchi Platform	605	163
6	Sadlerochit, Arctic Platform	741	471
7	Rift, Active Margin	3,895	2,437
8	Rift, Stable Shelf	2,009	1,392
9	Rift, Deep Gas	6	0
10	Herald Arch-Thrust	negligible resources	
11	Foreland Foldbelt	1,455	903
12	Torok Turbidites, Wrench Zone	234	47
13	Nanushuk Topset, Wrench Zone	163	53
14	Brookian Sandstones-North Chukchi High	659	352
15	Torok Sandstones, North Chukchi Basin	135	3
16	Brookian, Deep Gas	12	0
17	Torok Turbidites, Arctic Platform	79	1
18	Nanushuk, Arctic Platform	377	128
19	Sag Sequence, North Chukchi Basin	12	0
20	Upper Brookian Turbidites-North Chukchi Basin	25	0
21	Upper Brookian Paleo-Valleys	1,010	615
22	Upper Brookian Intervalley Highs	318	143
23	Northeast Chukchi Basin, Franklinian	105	14
24	Lower Brookian, Nuwuk Basin	230	22
25	Upper Brookian, Nuwuk Basin	442	113
26	Late Sequence, Hope Basin	26	9
27	Early Sequence, Hope Basin	22	3
28	Shallow (<10,000 ft) Basal Sandstones-Hope Basin	13	1
29	Deep Basal Sandstones, Hope Basin	negligible resources	
Total		12,576	7,333

2006 Alaska OCS Assessment – Chukchi Sea

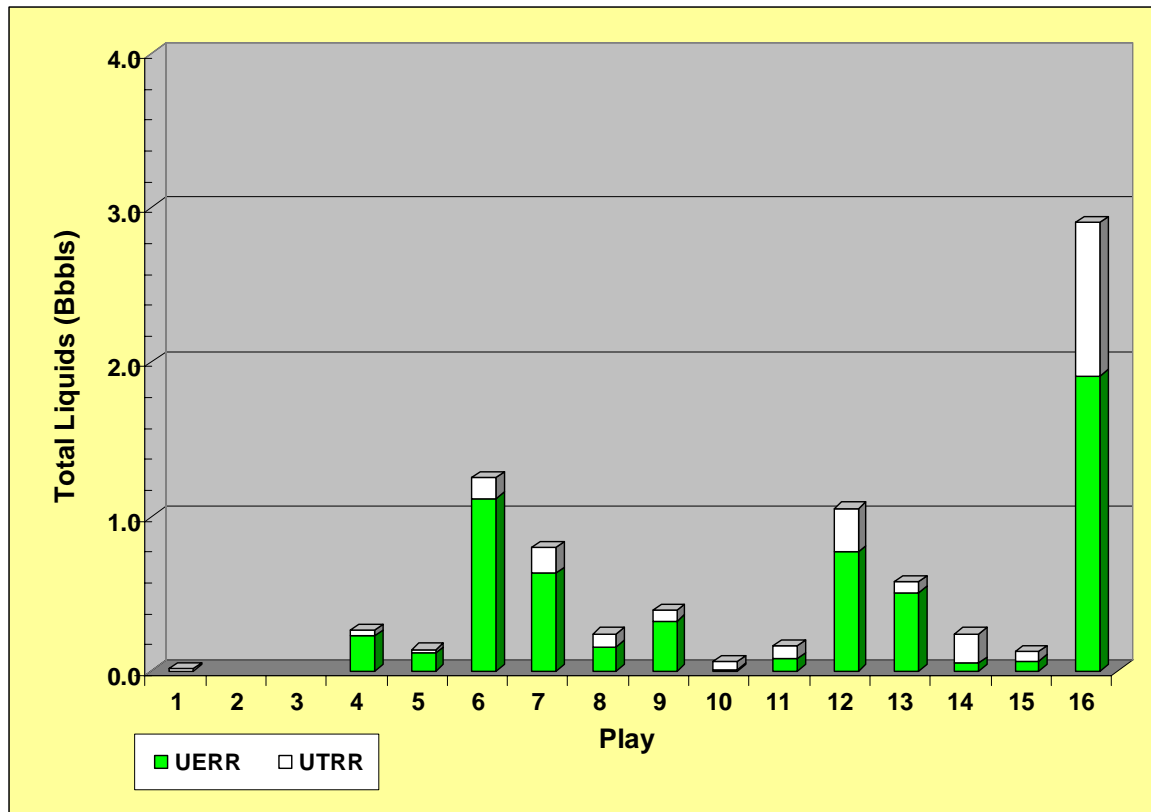


Chukchi Sea Gas Play Potential

This histogram compares the mean Undiscovered Technically Recoverable Resource (UTRR) with the mean Undiscovered Economically Recoverable Resource (UERR) at a gas price of \$9.07/Mcf (equivalent to \$60/barrel oil). The Chukchi province is very rich in natural gas resources with 61.6 Tcf of UTRR. Nine of the 29 geologic plays assessed have UTRR gas resource potentials of greater than 2 Tcf. The top 4 plays for gas potential are the same as the richest 4 oil plays, and a large fraction of total gas resources (32%) is actually solution gas associated with crude oil. The Burger discovery occurs in Play 7. Favorable geologic information in five exploration wells drilled in the Chukchi province creates the optimism regarding its high gas potential. However, the logistics of gas production is uncertain because there is no gas transportation system to market. In the current assessment, we assumed that a gas pipeline from the North Slope would accept new gas deliveries from the Chukchi. This pipeline is not expected to be operational before 2015. Considering that cheaper-to-produce proven gas resources are available in pools close to the future pipeline, gas production from the Chukchi Sea could be delayed even further. The viability of offshore gas projects in this remote, high-cost province will also depend on infrastructure sharing with offshore oil projects.

Play		UTRR	UERR
1	Endicott, Chukchi Platform	12.347	5.956
2	Endicott, Arctic Platform	0.491	0.115
3	Lisburne	0.544	0.114
4	Ellesmerian-Deep Gas	0.977	0.001
5	Sadlerochit, Chukchi Platform	4.344	0.971
6	Sadlerochit, Arctic Platform	4.672	2.689
7	Rift, Active Margin	13.243	7.633
8	Rift, Stable Shelf	9.993	6.591
9	Rift, Deep Gas	0.237	0.000
10	Herald Arch-Thrust	negligible resources	
11	Foreland Foldbelt	7.854	4.328
12	Torok Turbidites, Wrench Zone	1.496	0.280
13	Nanushuk Topset, Wrench Zone	0.908	0.270
14	Brookian Sandstones-North Chukchi High	4.474	1.989
15	Torok Sandstones, North Chukchi Basin	1.569	0.023
16	Brookian, Deep Gas	0.464	0.001
17	Torok Turbidites, Arctic Platform	0.337	0.003
18	Nanushuk, Arctic Platform	0.747	0.174
19	Sag Sequence, North Chukchi Basin	0.058	0.001
20	Upper Brookian Turbidites-North Chukchi Basin	0.273	0.000
21	Upper Brookian Paleo-Valleys	3.386	1.884
22	Upper Brookian Intervalley Highs	0.519	0.154
23	Northeast Chukchi Basin, Franklinian	1.277	0.148
24	Lower Brookian, Nuwuk Basin	1.904	0.170
25	Upper Brookian, Nuwuk Basin	3.135	0.731
26	Late Sequence, Hope Basin	0.596	0.139
27	Early Sequence, Hope Basin	0.593	0.051
28	Shallow (<10,000 ft) Basal Sandstones-Hope Basin	0.335	0.010
29	Deep Basal Sandstones, Hope Basin	Negligible Resources	
Total		61.578	30.962

2006 Alaska OCS Assessment – Beaufort Sea

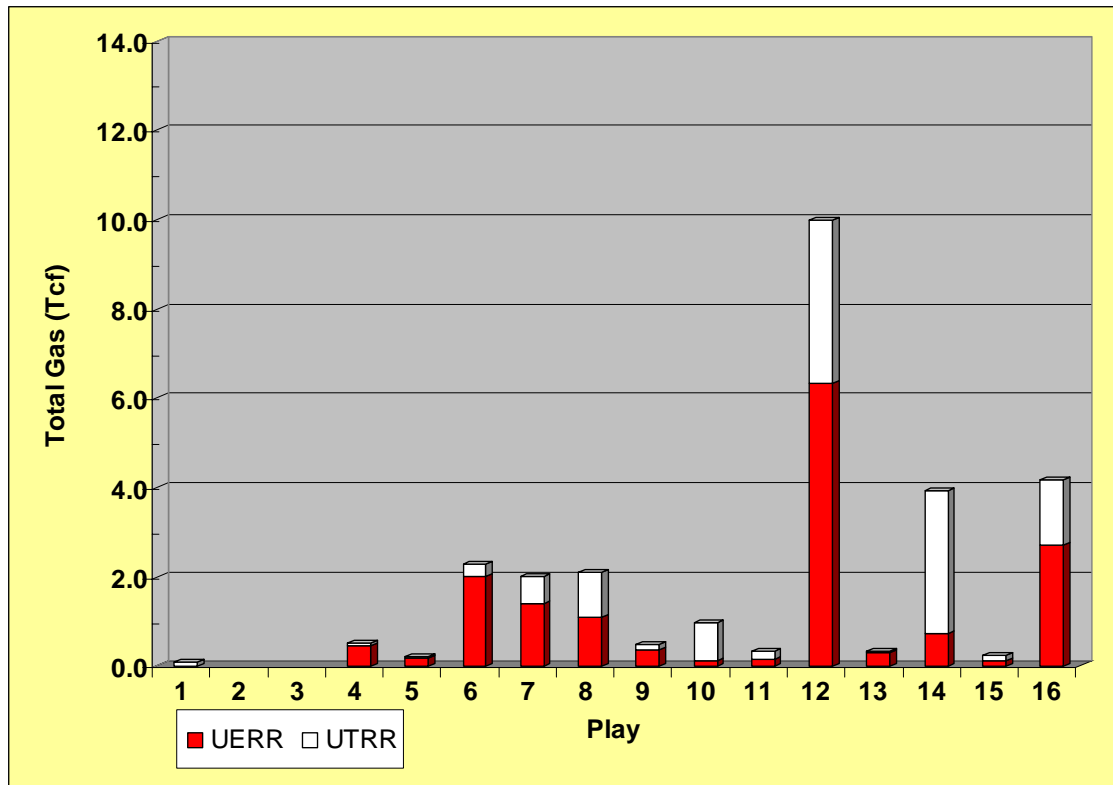


Play (MMbbls)		UTRR	UERR
1	Undeformed Pre-Miss Basement	16	0
2	not assessed		
3	not assessed		
4	Endicott	261	225
5	Lisburne	139	117
6	Upper Ellesmerian	1,254	1,117
7	Rift	801	633
8	Brookian Faulted Western Topset	242	156
9	Brookian Unstructured Western Topset	390	324
10	Brookian Faulted Western Turbidite	60	9
11	Brookian Unstructured Western Turbidite	161	78
12	Brookian Faulted Eastern Topset	1,053	769
13	Brookian Unstructured Eastern Topset	579	510
14	Brookian Faulted Eastern Turbidite	240	52
15	Brookian Unstructured Eastern Turbidite	123	64
16	Brookian Foldbelt	2,905	1,913
Total		8,224	5,968

Beaufort Sea Oil Play Potential

This histogram compares the mean Undiscovered Technically Recoverable Resource (UTRR) with the mean Undiscovered Economically Recoverable Resource (UERR) at an oil price of \$60.00/barrel (in 2005\$). The Beaufort is a rich oil province with 8.2 Bbbls of UTRR, of which nearly 6 Bbbls (73%) are economic at a price of \$60/barrel. Of the 14 plays assessed, 3 plays (Play 6, 12, and 16) have UTRR oil potential greater than 1.0 billion barrels. The largest oil resource potential occurs in Play 16 (Brookian Foldbelt) with 2.9 Bbbls of UTRR and 1.9 Bbbls of UERR. This is attributed to a widespread play area containing large prospects with good reservoir potential. Play 16 shares many of the geologic characteristics of the adjacent ANWR coastal plain, also considered to be a very oil-rich area. Play 6 (Upper Ellesmerian) is another oil-rich play, basically an extension of the proven onshore play with Prudhoe Bay and other large producing oil fields on the North Slope. It has the highest fraction of UERR to UTRR largely because of thick reservoirs and short distances to existing infrastructure. The Northstar field confirms the viability of the offshore portion of the Upper Ellesmerian play. Future oil production from the Beaufort Sea is an important factor in continuing operation of the TAPS oil pipeline because most of the existing North Slope fields are in decline. Since 1977, the TAPS pipeline has carried 20-25% of total U.S. annual oil production and its continued operation is strategically important to domestic oil supply. This fact emphasizes the importance of exploration in the oil-rich offshore provinces in northern Alaska.

2006 Alaska OCS Assessment – Beaufort Sea

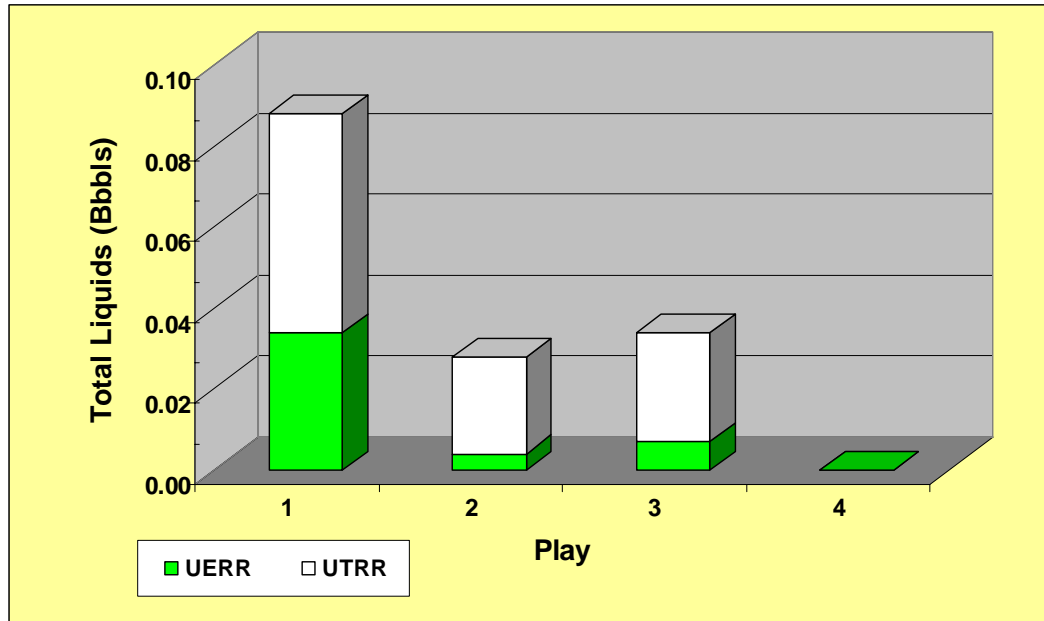


	Play	UTRR	UERR
1	Undeformed Pre-Mississippian Basement	0.083	0.000
2	not assessed		
3	not assessed		
4	Endicott	0.524	0.447
5	Lisburne	0.224	0.190
6	Upper Ellesmerian	2.282	2.017
7	Rift	2.002	1.405
8	Brookian Faulted Western Topset	2.090	1.085
9	Brookian Unstructured Western Topset	0.473	0.370
10	Brookian Faulted Western Turbidite	0.967	0.117
11	Brookian Unstructured Western Turbidite	0.324	0.155
12	Brookian Faulted Eastern Topset	9.991	6.325
13	Brookian Unstructured Eastern Topset	0.336	0.290
14	Brookian Faulted Eastern Turbidite	3.938	0.721
15	Brookian Unstructured Eastern Turbidite	0.250	0.124
16	Brookian Foldbelt	4.161	2.695
	Total	27.645	15.940

Beaufort Sea Gas Play Potential

This histogram compares the mean Undiscovered Technically Recoverable Resource (UTRR) with the mean Undiscovered Economically Recoverable Resource (UERR) at a gas price of \$9.07/Mcf (equivalent to \$60/barrel oil). The Beaufort is a rich province with 27.6 Tcf in UTRR gas potential. Assuming that a gas transportation system is constructed, 15.9 Tcf (or 58%) of the undiscovered resources could be commercially viable at a gas price of \$9.07/Mcf (in 2005\$). Of the 14 plays assessed, 6 plays have UTRR gas resources greater than 2.0 Tcf. The dominant gas play is Play 12 (Brookian Faulted Eastern Topset) with a UTRR of nearly 10 Tcf, of which 6.3 Tcf is economically recoverable at \$9.07/Mcf. Play 12 covers a wide area of the Beaufort shelf and has numerous large untested prospects with good reservoir potential. Development of natural gas from the Beaufort Sea province depends on available capacity in a future transportation system to market. Without it, all gas discoveries in northern Alaska will continue to be stranded. At the present time, a gas pipeline from the North Slope seems to be the most likely project and it could be operational by 2015. Considering that larger and cheaper-to-produce gas pools are proven onshore, gas production from the Beaufort Sea could be delayed for another decade (perhaps to 2025). Offshore gas development will also rely on infrastructure sharing with oil development. The Beaufort OCS will be a very attractive frontier province if both oil and gas production options are available and prices remain at their current high levels.

2006 Alaska OCS Assessment - Hope Basin

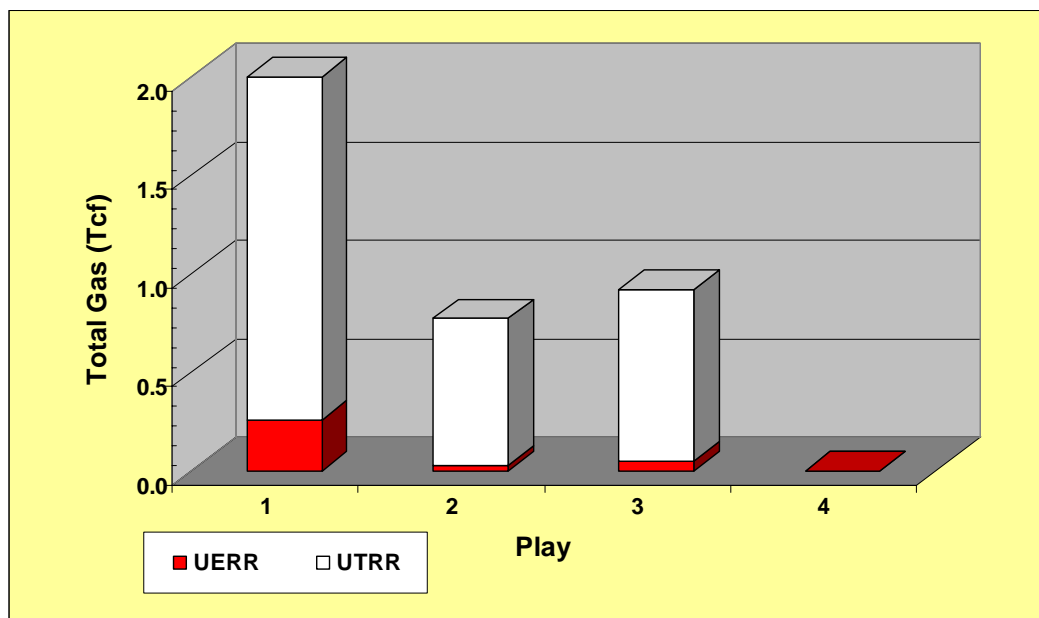


Play (MMbbls)		UTRR	UERR
1	Late Sequence	88	34
2	Early Sequence	28	4
3	Shallow Basal Sandstone	34	7
4	Deep Basal Sandstone	0	0
Total		150	45

Hope Basin Oil Play Potential

This histogram compares the mean Undiscovered Technically Recoverable Resource (UTRR) with the mean Undiscovered Economically Recoverable Resource (UERR) at an oil price of \$60.00/barrel (in 2005\$). Hydrocarbon liquids consist of both high-gravity crude oil and gas-condensate. Play 1 (Late Sequence) holds most of the total UTRR and UERR oil potential. This can be attributed to its widespread play area with many mapped but untested prospects. A high-quality reservoir section was penetrated in two exploration wells drilled onshore on the southeastern edge of the basin. The other two plays have marginal reservoir parameters and lower potential for oil. The total UERR is a higher fraction UTRR for oil (30%) than gas (9%) because simulated gas development largely supports oil recovery in the engineering model. Although associated petroleum liquids could be produced at relatively low cost, transportation costs are high because of long distances to market and seasonal (ice) restrictions on marine tankers.

2006 Alaska OCS Assessment – Hope Basin

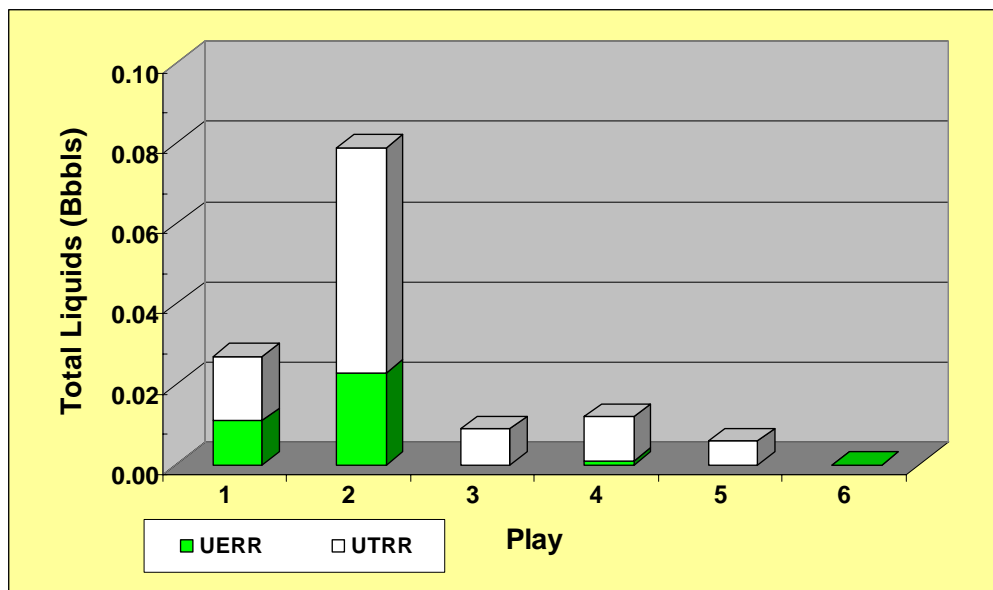


Play (Tcf)		UTRR	UERR
1	Late Sequence	2.074	0.259
2	Early Sequence	0.772	0.031
3	Shallow Basal Sandstone	0.922	0.050
4	Deep Basal Sandstone	0.000	0.000
Total		3.768	0.340

Hope Basin Gas Play Potential

This histogram compares the mean Undiscovered Technically Recoverable Resource (UTRR) with the mean Undiscovered Economically Recoverable Resource (UERR) at a gas price of \$9.07/Mcf (equivalent to \$60/barrel oil). Most of the gas resource potential is contained in Play 1 (Late Sequence) which has many mapped but untested prospects. A high-quality reservoir section was penetrated in two onshore exploration wells drilled on the eastern edge of the basin. Two other plays (Plays 2 and 3) have lower quality reservoir parameters and correspondingly lower potential for natural gas. The total UERR amounts to only 9% of the UTRR for all plays, reflecting the high costs associated with offshore development and LNG export to distant markets. Gas delivery by subsea pipeline to local markets in northwestern Alaska or alternate transportation systems (CNG) would improve the economic viability for future gas production from this remote province.

2006 Alaska OCS Assessment – Navarin Basin

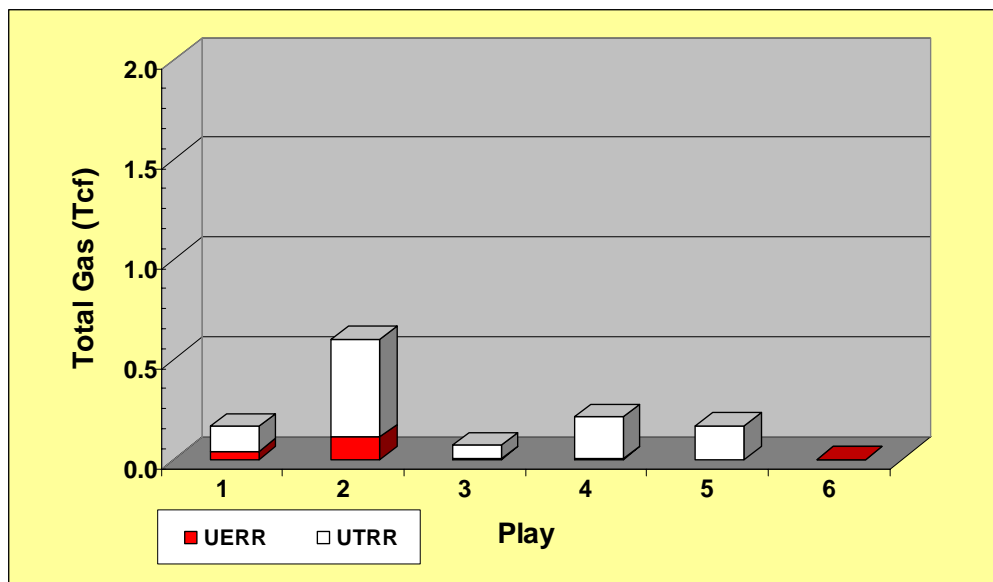


Play (MMbbls)		UTRR	UERR
1	Miocene Sag	27	11
2	L. Oliogocene Shelf	79	23
3	Oliogocene Rift - Neritic	9	0
4	Oliogocene Rift - Bathyal	12	1
5	Eocene Rift Onset	6	0
6	East Teriary Subbasin	0	0
Total		133	35

Navarin Basin Oil Play Potential

This histogram compares the mean Undiscovered Technically Recoverable Resource (UTRR) with the mean Undiscovered Economically Recoverable Resource (UERR) at an oil price of \$60.00/barrel (in 2005\$). Most of the undiscovered oil potential is contained in Play 2 (Lower Oliogocene Shelf) because decent quality sandstones were encountered in several exploration wells drilled in the 1980's and other large prospects remain untested in this play. The other plays have low potential because exploration wells did not encounter good reservoirs or oil shows. Considering all plays, the UERR amounts to 26% of a rather low UTRR (133 MMbbls), indicating it will be difficult to overcome the high costs of oil development in this remote province. Shared facilities with gas development and new technology could improve the commercial viability, but the relatively low resource base is unlikely to attract any industry interest in the foreseeable future.

2006 Alaska OCS Assessment – Navarin Basin

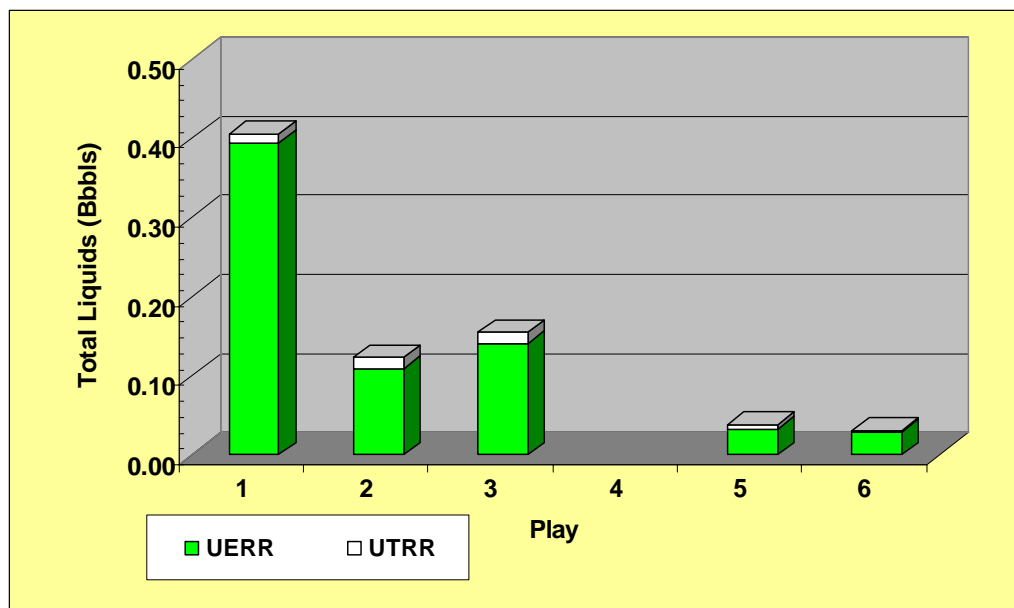


Play		UTRR	UERR
1	Miocene Sag	0.164	0.040
2	L. Oliogocene Shelf	0.602	0.112
3	Oliogocene Rift - Neritic	0.071	0.001
4	Oliogocene Rift - Bathyal	0.212	0.004
5	Eocene Rift Onset	0.169	0.000
6	East Teriary Subbasin	0.000	0.000
Total		1.218	0.157

Navarin Basin Gas Play Potential

This histogram compares the mean Undiscovered Technically Recoverable Resource (UTRR) with the mean Undiscovered Economically Recoverable Resource (UERR) at a gas price of \$9.07/Mcf (equivalent to \$60/barrel oil). Play 2 (Lower Oliogocene Shelf) contains the highest gas resource potential because reservoir quality sandstones were encountered in several exploration wells drilled in the 1980's. Although no discoveries were announced, other attractive untested prospects are identified in this play. The other plays have low potential because exploration wells tested (unsuccessfully) the best prospects in these plays. The UERR amounts to only 13% of the UTRR, indicating that future offshore development will face difficult economic hurdles in this remote province.

2006 Alaska OCS Assessment – North Aleutian Basin

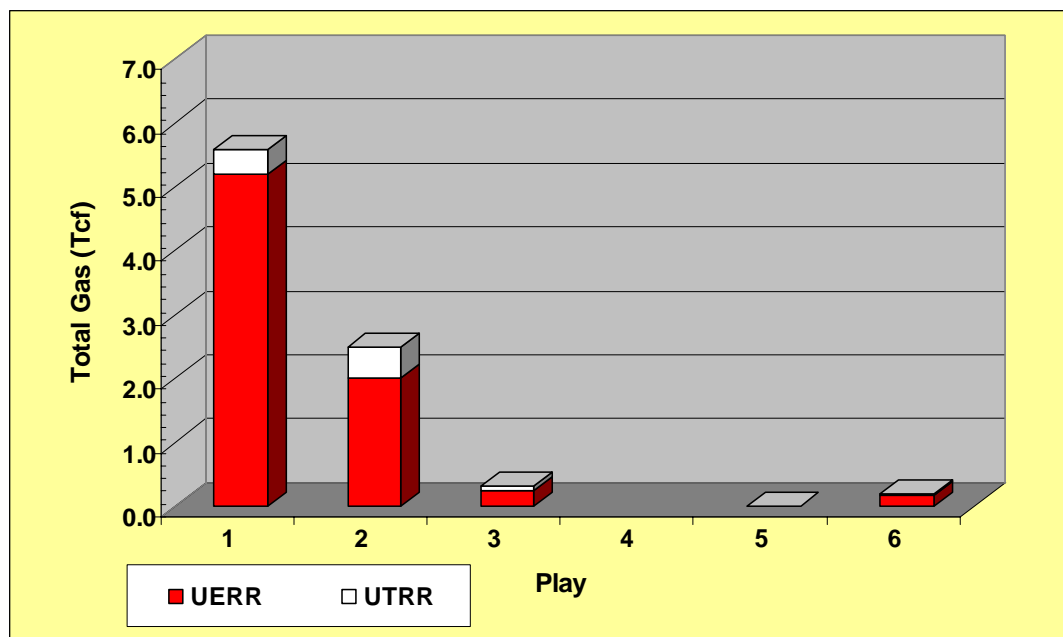


Play (MMbbls)		UTRR	UERR
1	Bear Lake-Stepovak	406	395
2	Tolstoi	123	109
3	Black Hills Uplift-Amak Basin	155	141
4	Milky River Biogenic Gas	negligible resources	
5	Mesozoic, Deformed Sedimentary Basement	38	32
6	Mesozoic, Buried Granitic Hills	30	30
Total		753	706

North Aleutian Basin Oil Play Potential

This histogram compares the mean Undiscovered Technically Recoverable Resource (UTRR) with the mean Undiscovered Economically Recoverable Resource (UERR) at an oil price of \$60.00/barrel (in 2005\$). Of the economically recoverable liquids, crude oil represents 74% of the total and 26% is condensate associated with natural gas. Play 1 (Bear Lake – Stepovak) contains the majority of UTRR and UERR potential of the 6 plays assessed. Of the total province oil endowment, 54% of the UTRR and 56% of the UERR at \$60/barrel are contained in this one play. This can be attributed to a widespread play area with many large untested prospects and high-quality reservoir strata. The other plays contain modest oil resources, but infrastructure (offshore hub platforms and subsea pipelines) associated the early developments in Play 1 could support later developments in the other plays. Because this is a gas-prone province, offshore oil development will rely on commercial gas development to cover the costs of infrastructure in this remote frontier area.

2006 Alaska OCS Assessment – North Aleutian Basin

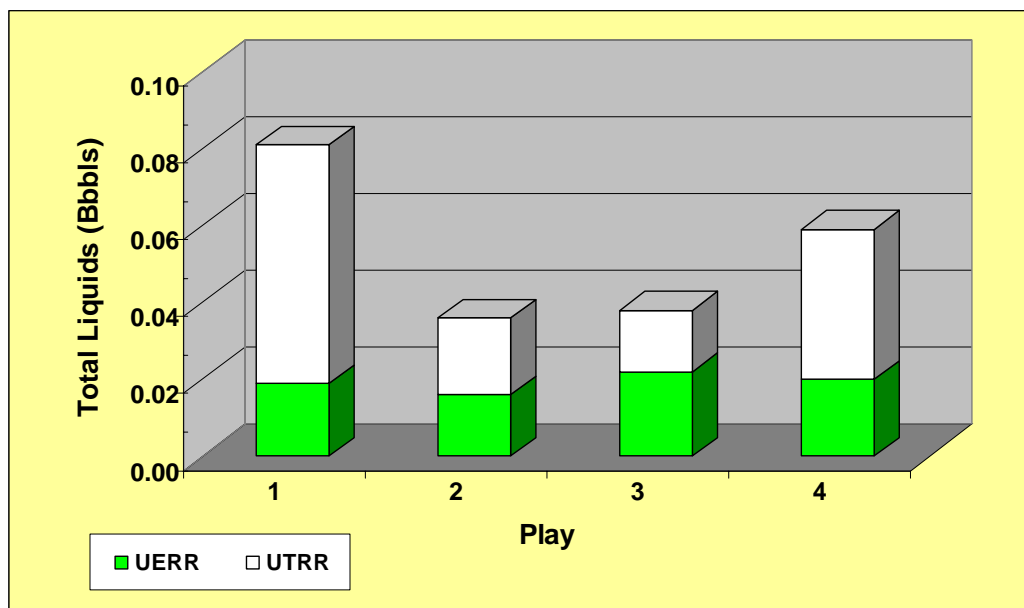


Play (Tcf)		UTRR	UERR
1	Bear Lake-Stepovak	5.586	5.197
2	Tolstoi	2.501	2.023
3	Black Hills Uplift-Amak Basin	0.312	0.242
4	Milky River Biogenic Gas	negligible resources	
5	Mesozoic, Deformed Sedimentary Basement	0.017	0.014
6	Mesozoic, Buried Granitic Hills	0.206	0.178
Total		8.622	7.653

North Aleutian Gas Play Potential

This histogram compares the mean Undiscovered Technically Recoverable Resource (UTRR) with the mean Undiscovered Economically Recoverable Resource (UERR) at a gas price of \$9.07/Mcf (equivalent to \$60/barrel oil). Play 1 (Bear Lake – Stepovak) holds a large majority of the gas resource potential, where 65% of the UTRR and 68% of the UERR in the province are contained in this one play. The play covers a wide area and contains large, simple structures. High-quality reservoir strata were encountered in the North Aleutian COST well and onshore wells drilled on the Alaska Peninsula. The second richest play (Play 2, Tolstoi) partly underlies Play 1, further high-grading some of the large structural prospects. Although there are geologic risks associated with source adequacy, migration routes, and upper seals to traps, large gas pools could be discovered in the province. Realistically, several large gas discoveries would be required to support a new LNG export facility. This province has not been tested because exploration drilling was not allowed on tracts leased in 1988 (the leases were eventually “bought-back” by the Federal government). However, the North Aleutian Basin is again being considered for leasing. An onshore LNG facility on the Alaska Peninsula would promote commercial operations in other gas-prone areas in this part of southwestern Alaska.

2006 Alaska OCS Assessment – St. George Basin

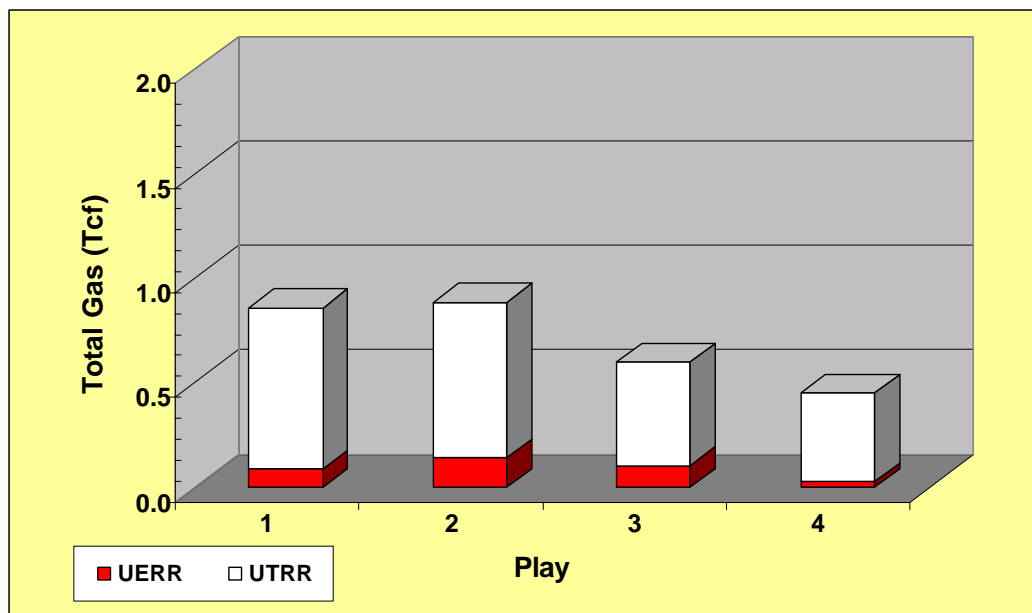


Play (MMbbls)		UTRR	UERR
1	St. George Graben	81	19
2	South Platform	36	16
3	North Platform	38	22
4	Pribilof Basin	59	20
Total		214	77

St. George Basin Oil Play Potential

This histogram compares the mean Undiscovered Technically Recoverable Resource (UTRR) with the mean Undiscovered Economically Recoverable Resource (UERR) at an oil price of \$60.00/barrel (in 2005\$). Hydrocarbon liquids consist of both high-gravity crude oil and gas-condensates. Play 1 (St. George Graben) contains the highest portion (38%) of the total oil UTRR, but the 4 plays are very similar in their respective economic oil potential. Overall, the UERR amounts to 36% of the UTRR. Exploration in the mid-1980's resulted in 10 test wells on some of the best prospects with no commercial discoveries. Disappointing exploration results led to downgrading of all plays with respect to pool number, exploration chance, and probability for crude oil. Considering its small oil resource endowment, future commercial oil recovery from this province is not likely unless it is somehow tied to gas development.

2006 Alaska OCS Assessment – St. George Basin



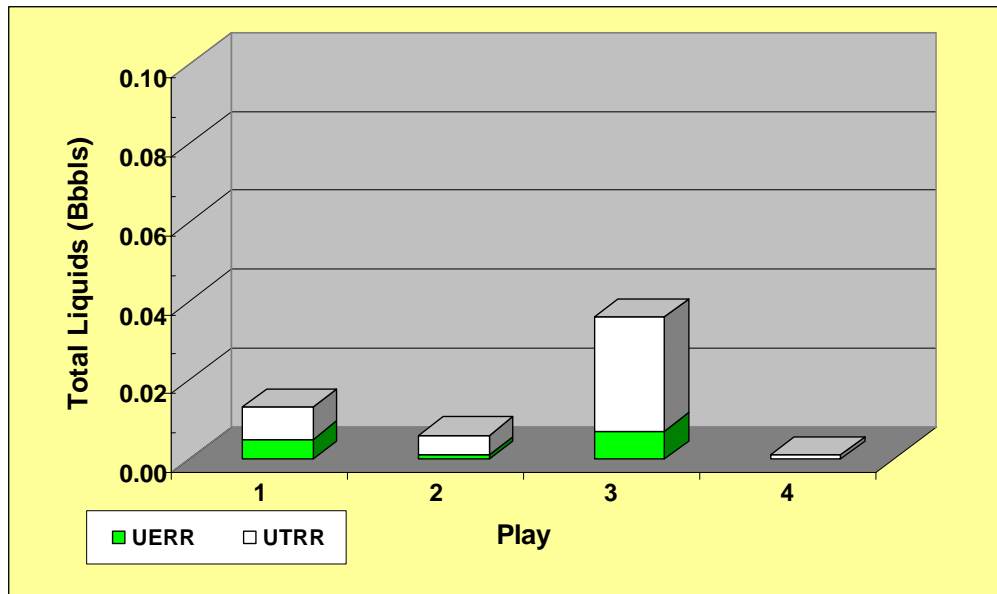
Play (Tcf)		UTRR	UERR
1	St. George Graben	0.860	0.089
2	South Platform	0.885	0.142
3	North Platform	0.600	0.106
4	Pribilof Basin	0.453	0.028
Total		2.798	0.365

St. George Basin Gas Play Potential

This histogram compares the mean Undiscovered Technically Recoverable Resource (UTRR) with the mean Undiscovered Economically Recoverable Resource (UERR) at a gas price of \$9.07/Mcf (equivalent to \$60/barrel oil). The 4 plays modeled in the province are similar in their UERR gas potential. Overall, the gas UERR amounts to only 12% of the UTRR, reflecting the high costs of producing small offshore gas fields from this remote area (including LNG processing and export costs). Exploration in the mid-1980's resulted in 10 wells that tested the most attractive prospects without making a commercial discovery.

Disappointing exploration results led to a general downgrading of all plays with respect to the number of expected pools and the overall exploration chance. Perhaps the best chance for commercial operations in this resource-poor province would be to coordinate operations with commercial gas development in the neighboring North Aleutian Basin province. This would increase the available gas resources to support a new LNG facility on the Alaska Peninsula to export gas.

2006 Alaska OCS Assessment – Norton Basin

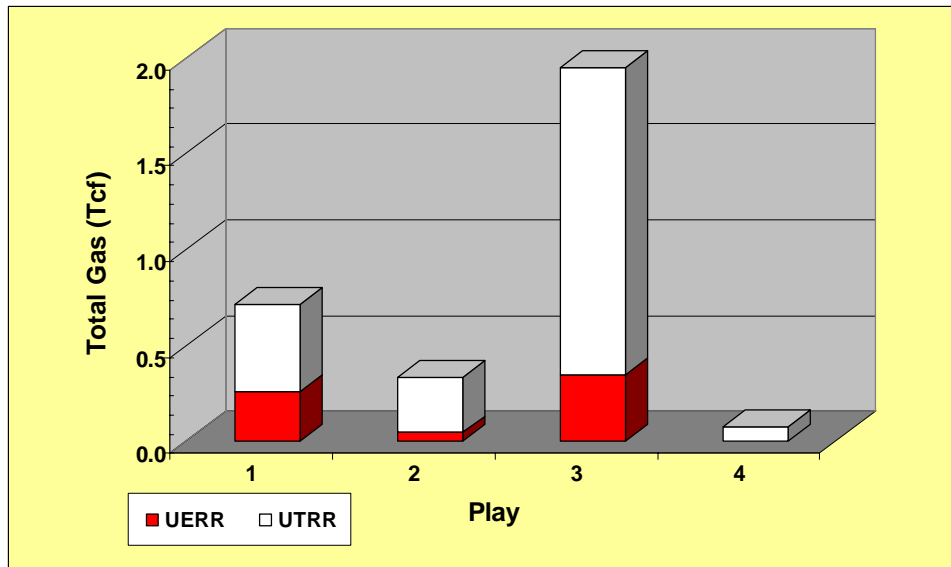


Play (MMbbls)		UTRR	UERR
1	Upper Tertiary Basin	13	5
2	Mid-Tertiary East Subbasin	6	1
3	Mid-Tertiary West Subbasin	36	7
4	Lower Tertiary Subbasin	1	0
Total		56	13

Norton Basin Oil Play Potential

This histogram compares the mean Undiscovered Technically Recoverable Resource (UTRR) with the mean Undiscovered Economically Recoverable Resource (UERR) at an oil price of \$60.00/barrel (in 2005\$). Non-associated crude oil pools are not expected in this province, so all liquid hydrocarbon is condensate. Play 3 (Mid-Tertiary West Subbasin) holds 64% of the total oil UTRR potential and 38% of the total oil UERR potential. It is a widespread play and only 1 of the many prospects was drilled (Arco's OCS-Y-0436). The other plays were tested by 5 exploration wells drilled on attractive prospects, and disappointing results led to downgrading of these plays. The UERR is 23% of the UTRR for all plays (higher than the gas UERR), as large gas fields would largely cover the costs to recover associated condensate in the engineering simulation model.

2006 Alaska OCS Assessment –Norton Basin

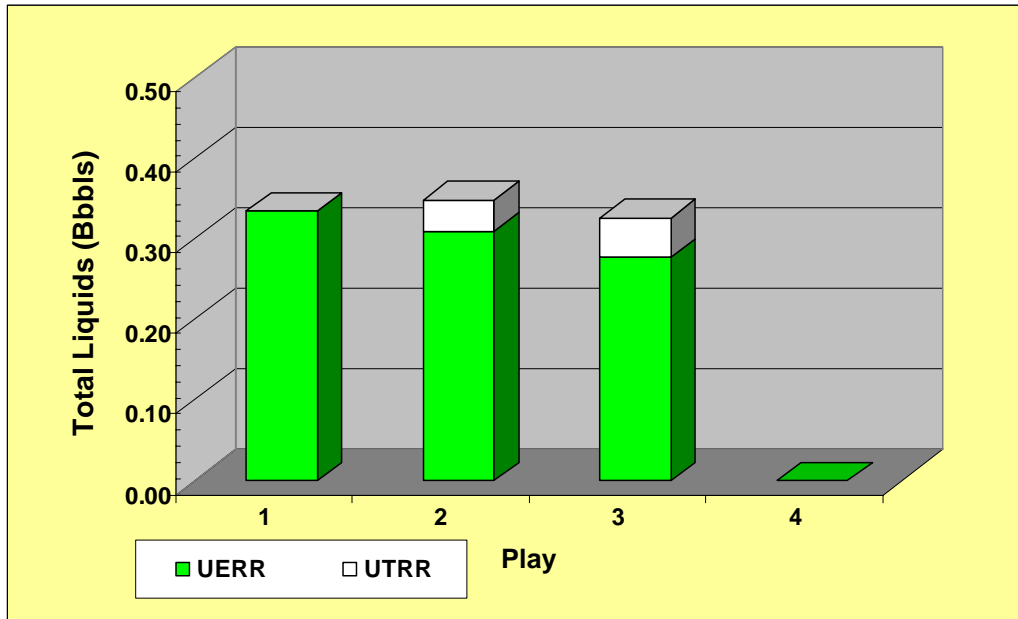


Play (Tcf)		UTRR	UERR
1	Upper Tertiary Basin	0.709	0.257
2	Mid-Tertiary East Subbasin	0.334	0.043
3	Mid-Tertiary West Subbasin	1.944	0.342
4	Lower Tertiary Subbasin	0.072	0.001
Total		3.059	0.643

Norton Basin Gas Play Potential

This histogram compares the mean Undiscovered Technically Recoverable Resource (UTRR) with the mean Undiscovered Economically Recoverable Resource (UERR) at a gas price of \$9.07/Mcf (equivalent to \$60/barrel oil). Play 3 (Mid-Tertiary West Subbasin) holds 64% of the total gas UTRR potential and 53% of the total gas UERR potential. It is a widespread play and only 1 of the many identified prospects was drilled (Arco's OCS-Y-0436). The other plays were partly tested by 5 exploration wells on attractive prospects, and disappointing results led to downgrading of the gas potential in these plays. The UERR for all plays is only 21% of the UTRR, reflecting the high costs associated with offshore development and LNG export. The economic viability of this province would be enhanced if gas was developed for nearby markets in northwestern Alaska. This would eliminate the costly LNG infrastructure and the minimum resource requirement (5-10 Tcf) to support LNG operations. While pipelines are a proven means of transporting gas, new technologies (Compressed Natural Gas, CNG) could be used to move gas over short sea distances between offshore platforms and local markets.

2006 Alaska OCS Assessment – Cook Inlet

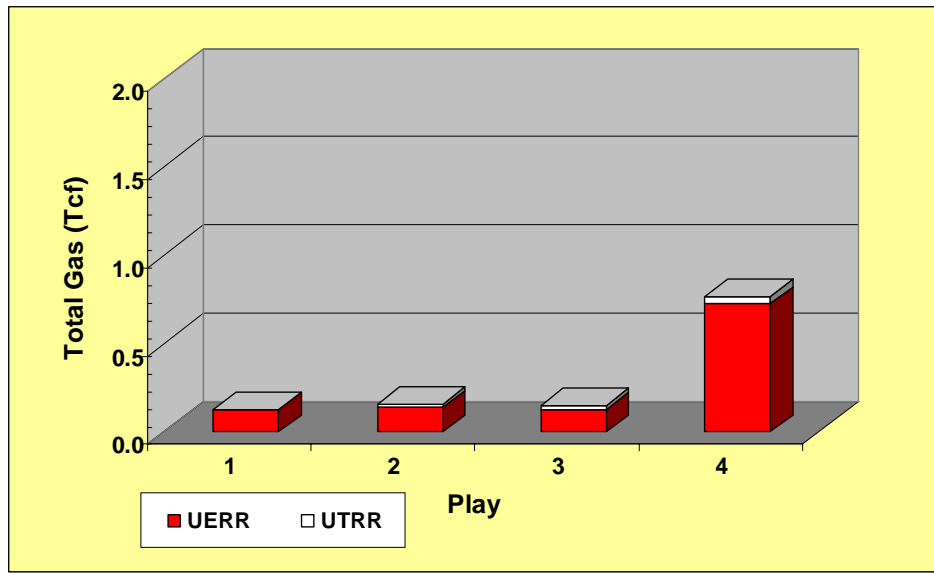


Play (MMbbls)		UTRR	UERR
1	Tertiary - Oil	336	335
2	Mesozoic - Stratigraphic	349	310
3	Mesozoic - Structural	327	278
4	Tertiary - Gas	0	0
Total		1,012	923

Cook Inlet Oil Play Potential

This histogram compares the mean Undiscovered Technically Recoverable Resource (UTRR) with the mean Undiscovered Economically Recoverable Resource (UERR) at an oil price of \$60.00/barrel (in 2005\$). The Cook Inlet province contains 3 oil-prone plays with a UTRR potential slightly above 1.0 Bbbls, of which 91% is economically recoverable at this price level. Individually, the 3 oil-prone plays have similar resource potential with respect to both UTRR and UERR. Play 1 has the highest fraction of economic resources compared to its UTRR because it is closest to shore and existing infrastructure. Play 4 is a dry-gas play with no associated hydrocarbon liquids. OCS leasing and offshore exploration in the Cook Inlet was active in the late 1970's but has been dormant for several decades. However, exploration activity has picked up in onshore areas surrounding the Cook Inlet. A long-term production test of the Cosmopolitan discovery is evaluating a prospect that extends into the OCS from nearshore State tracts. Play 1 is the offshore equivalent of this play. Oil production from fields in the Upper Cook Inlet is in decline and nearly half of the oil refined by the Tesoro refinery is delivered by shuttle tankers from Valdez. New oil development from the Federal waters of Cook Inlet would help to maintain the vital supply of fuel and petroleum products to the local Alaska market.

2006 Alaska OCS Assessment – Cook Inlet

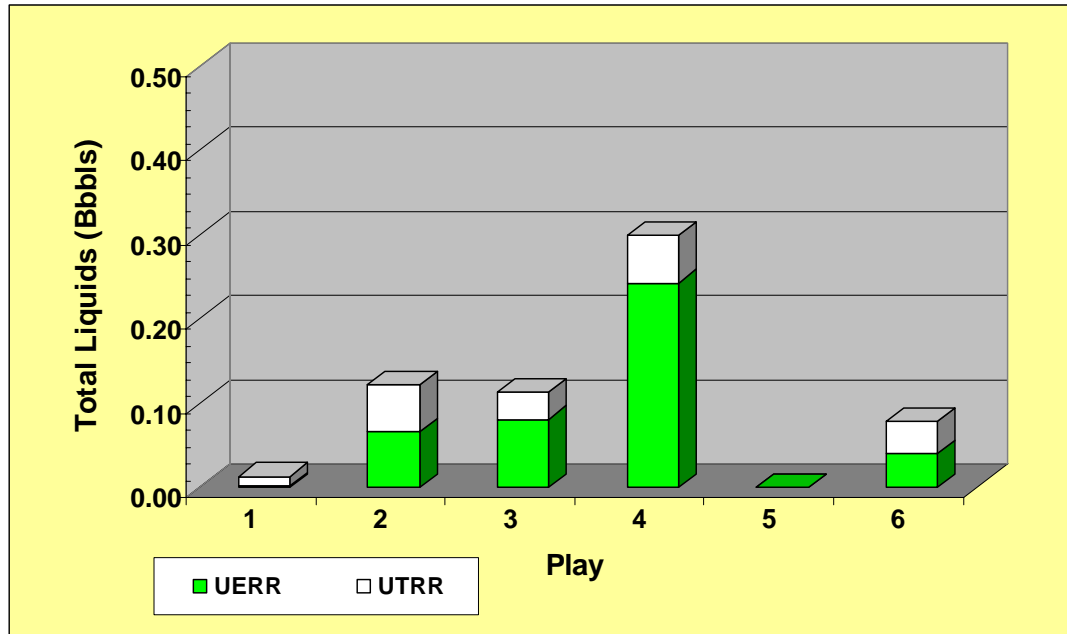


Play (Tcf)		UTRR	UERR
1	Tertiary - Oil	0.126	0.125
2	Mesozoic - Stratigraphic	0.157	0.139
3	Mesozoic - Structural	0.151	0.127
4	Tertiary - Gas	0.767	0.723
Total		1.201	1.115

Cook Inlet Gas Play Potential

This histogram compares the mean Undiscovered Technically Recoverable Resource (UTRR) with the mean Undiscovered Economically Recoverable Resource (UERR) at a gas price of \$9.07/Mcf (equivalent to \$60/barrel oil). Commercial economics of this province are favorable because it is close to existing infrastructure and local markets. Consequently, 93% of the UTRR is economically recoverable at this price level. Play 4 (Tertiary-Gas) contains the largest UTRR and UERR for gas in the Cook Inlet province. Play 1 and Play 4 areas largely overlap, suggesting that shared exploration activities and new offshore infrastructure would also improve the economics of gas recovery operations. Plays 1 to 3 contain minor amounts of associated-solution gas, but this gas resource could be recovered at minimal cost during oil production. Declining gas production from State areas in the Cook Inlet will need to be replaced by new supplies to avoid adverse economic impacts to this part of Alaska where the majority of the State's population and industry resides. The Federal OCS portion of the Cook Inlet represents an attractive opportunity near existing infrastructure and a ready local market. The area's gas potential, particularly in stratigraphic traps, has not been tested.

2006 Alaska OCS Assessment – Gulf of Alaska Shelf

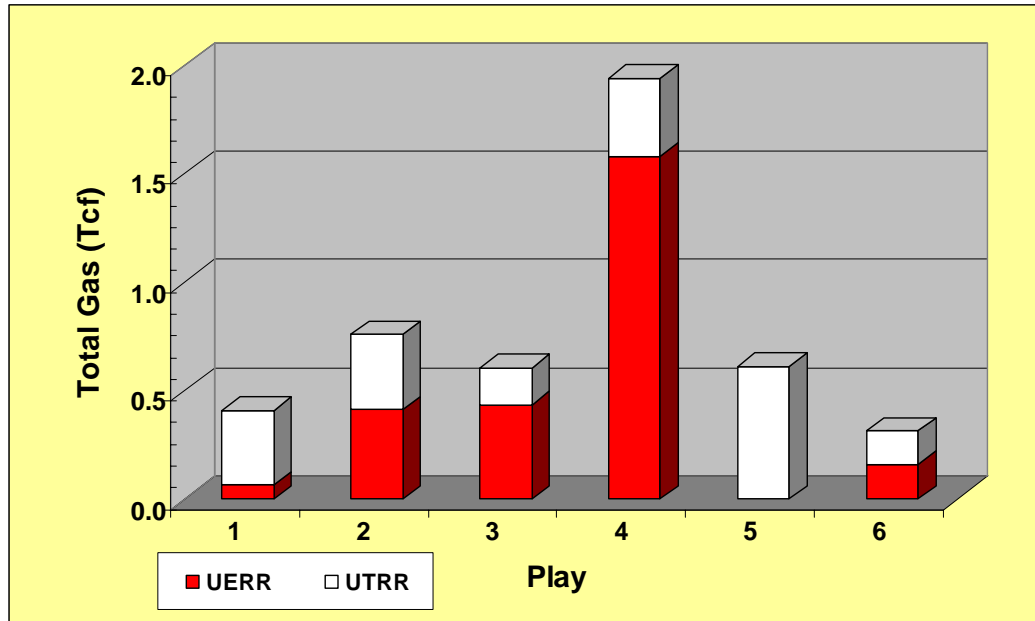


Play (MMbbls)		UTRR	UERR
1	Middleton Fold & Thrust	13	2
2	Yakatage Fold & Thrust	122	66
3	Yakutat Shelf-Yakataga	113	81
4	Yakutat Shelf-Kulthieth	300	243
5	SE Alaska Subbasin	0	0
6	Subducting Terrain	78	40
Total		626	432

Gulf of Alaska Shelf Oil Play Potential

This histogram compares the mean Undiscovered Technically Recoverable Resource (UTRR) with the mean Undiscovered Economically Recoverable Resource (UERR) at an oil price of \$60.00/barrel (in 2005\$). Of the 6 plays assessed, the largest resource potential occurs in Play 4 (Yakutat Shelf-Kulthieth Play) which contains both crude oil and gas-condensate liquids (Play 4 is the largest gas play also). The favorable economics for Play 4 are related to good reservoir quality (higher modeled flow rates) and proximity to Yakutat (shorter pipelines to the new shorebase facility). The other plays are farther away from Yakutat and only low quality reservoirs were encountered in exploration wells drilled in the 1970's. No liquid hydrocarbons are expected in Play 5 (SE Alaska Subbasin). The Gulf of Alaska province is situated between markets in Alaska and the U.S. West Coast, so transportation costs are relatively low compared to most Alaska OCS provinces. Future oil production could be sent to existing infrastructure in the Cook Inlet (oil refinery and consumer market) and established export terminals (Valdez). Creative development strategies (offshore storage and loading, subsea wells tied to floating platforms, and delivery to local markets) could improve the viability of projects on the Gulf of Alaska Shelf.

2006 Alaska OCS Assessment – Gulf of Alaska Shelf

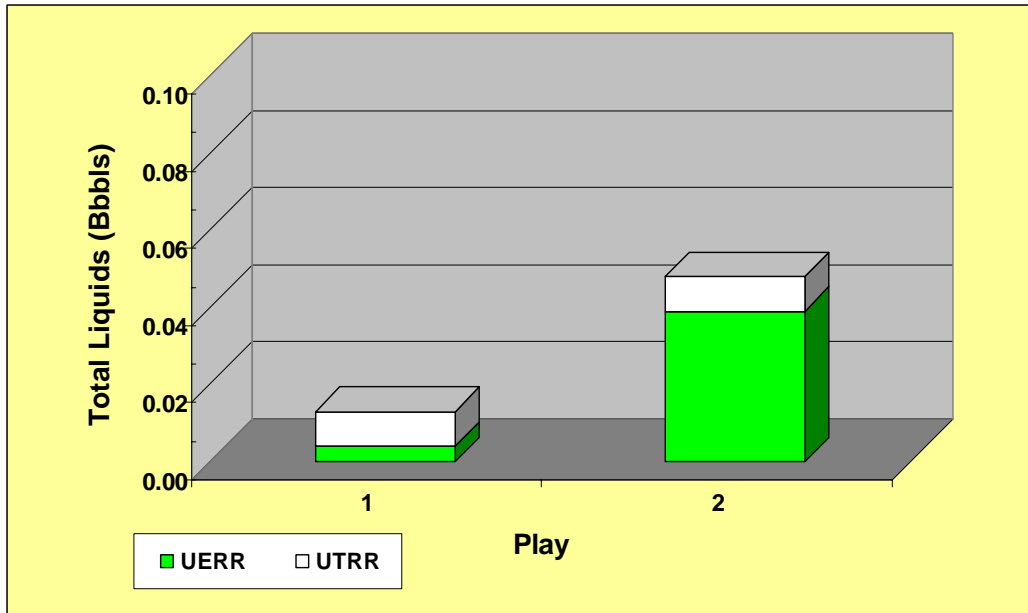


Play (MMbls)		UTRR	UERR
1	Middleton Fold & Thrust	0.412	0.067
2	Yakatage Fold & Thrust	0.760	0.413
3	Yakutat Shelf-Yakataga	0.606	0.436
4	Yakutat Shelf-Kulthieth	1.943	1.582
5	SE Alaska Subbasin	0.614	0.000
6	Subducting Terrain	0.315	0.161
Total		4.650	2.659

Gulf of Alaska Shelf Gas Play Potential

This histogram compares the mean Undiscovered Technically Recoverable Resource (UTRR) with the mean Undiscovered Economically Recoverable Resource (UERR) at a gas price of \$9.07/Mcf (equivalent to \$60/barrel oil). The majority of undiscovered gas potential occurs in Play 4 (Yakutat Shelf-Kulthieth Play) and 81% of the UTRR is economically recoverable at \$9.07/Mcf. This play is widespread and largely untested. A higher quality reservoir section was encountered in the Arco OCS-Y-0211 well. The other plays are down-graded in the assessment because of poor results in the exploration wells drilled in the 1970's. The Southeast Alaska Shelf Subbasin (Play 5) was not evaluated in the economic assessment because it is small and isolated. It is unlikely that gas discoveries in this province could support a standalone LNG export operation (minimum of 5 Tcf required). However, if a future LNG facility is constructed at Valdez it could certainly lower the initial development costs and make the area much more attractive for offshore gas exploration. Other gas transportation strategies (such as, CNG) would also improve the economic viability of smaller gas fields where gas production could be delivered to local markets in Alaska.

2006 Alaska OCS Assessment – Shumagin and Kodiak Shelves

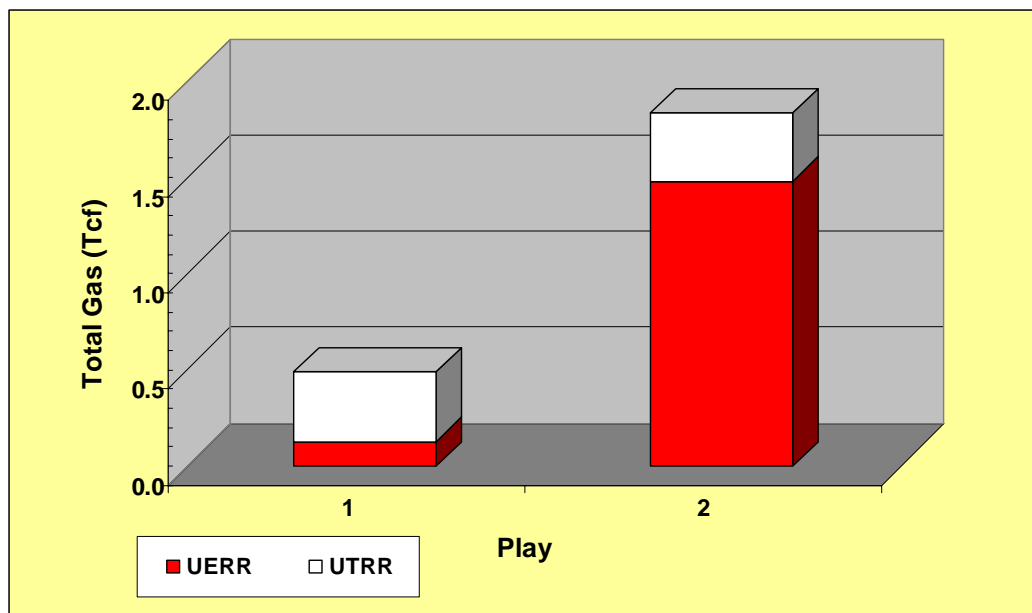


Play (MMbbls)		UTRR	UERR
1	Shumagin-Neogene	13	4
2	Kodiak-Neogene	48	39
Total		61	43

Shumagin-Kodiak Shelf Oil Play Potential

This histogram compares the mean Undiscovered Technically Recoverable Resource (UTRR) with the mean Undiscovered Economically Recoverable Resource (UERR) at an oil price of \$60.00/barrel (in 2005\$). Non-associated crude oil pools are not expected in these provinces, and all liquid hydrocarbon is condensate associated with natural gas. The Kodiak Shelf province has a much higher volume of gas UERR which translates into higher volumes of UERR for liquid condensate. Gas condensate could be delivered to Cook Inlet from the Kodiak Shelf through a dense-phase gas pipeline. Transporting hydrocarbon liquids from the more remote Shumagin province would be by shuttle tanker at a higher cost.

2006 Alaska OCS Assessment – Shumagin and Kodiak



Play (Tcf)		UTRR	UERR
1	Shumagin Neogene	0.490	0.127
2	Kodiak Neogene	1.840	1.482
Total		2.330	1.609

Shumagin-Kodiak Shelf Gas Play Potential

This histogram compares the mean Undiscovered Technically Recoverable Resource (UTRR) with the mean Undiscovered Economically Recoverable Resource (UERR) at a gas price of \$9.07/Mcf (equivalent to \$60/barrel oil). The Kodiak Shelf province contains nearly 4x the gas potential as the neighboring Shumagin province. This can be attributed to a larger area and larger prospects identified on available seismic data. The Kodiak Shelf has also been tested by several COST wells and reservoir parameters are better known. The UERR for the Kodiak Shelf represents a high proportion (81%) of the UTRR at this price level, primarily because a subsea gas pipeline would be a more cost-effective way to transport gas production to a closer market (Cook Inlet). Gas production from Shumagin would rely on a new LNG facility supported by commercial development in the North Aleutian Basin. LNG from Shumagin would be transported to markets on the U.S. West Coast.